

klöckner & co

Your partner for a
sustainable tomorrow

Q3 2023 RESULTS

Analysts' and Investors' Conference Call

October 31, 2023

Guido Kerkhoff | CEO

Dr. Oliver Falk | CFO

John Ganem | Member of the Management Board



DISCLAIMER

This presentation contains forward-looking statements which reflect the current views of the management of Klöckner & Co SE with respect to future events. They generally are designated by the words “expect”, “assume”, “presume”, “intend”, “estimate”, “strive for”, “aim for”, “plan”, “will”, “endeavor”, “outlook” and comparable expressions and generally contain information that relates to expectations or goals for economic conditions, sales proceeds or other yardsticks for the success of the enterprise. Forward-looking statements are based on currently valid plans, estimates and expectations and are therefore only valid on the day on which they are made. You therefore should consider them with caution. Such statements are subject to numerous risks and factors of uncertainty (e. g. those described in publications) most of which are difficult to assess and which generally are outside of the control of Klöckner & Co SE. The relevant factors include the effects of reasonable strategic and operational initiatives, including the acquisition or disposal of companies or other assets. If these or other risks and factors of uncertainty occur or if the assumptions on which the statements are based turn out to be incorrect, the actual results of Klöckner & Co SE can deviate significantly from those that are expressed or implied in these statements. Klöckner & Co SE cannot give any guarantee that the expectations or goals will be attained. Klöckner & Co SE – notwithstanding existing legal obligations – rejects any responsibility for updating the forward-looking statements through taking into consideration new information or future events or other things.

In addition to the key figures prepared in accordance with IFRS and German-GAAP respectively, Klöckner & Co SE is presenting non-GAAP key figures such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key figures are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with IFRS. Non-GAAP key figures are not subject to IFRS or any other generally applicable accounting regulations. In assessing the net assets, financial position and results of operations of Klöckner & Co SE, these supplementary figures should not be used in isolation or as an alternative to the key figures presented in the consolidated financial statements and calculated in accordance with the relevant accounting principles. Other companies may base these concepts upon other definitions. Please refer to the definitions in the annual report. For other terms not defined in the annual report, please refer to the glossary on our website at <https://www.kloeckner.com/en/glossary.html>.

Rounding differences may occur with respect to percentages and figures.

The English translation of the annual report and the interim statement are also available, in case of deviations the German versions shall prevail.

Evaluating statements are unified and are presented as follows:

+/- 0-1%	constant
+/- >1-5%	slight
+/- >5%	considerable

AGENDA

1. Highlights and update on strategy
2. Financials
3. Outlook
4. Appendix

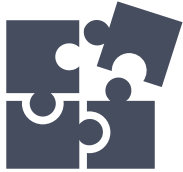


HIGHLIGHTS OF Q3 2023

	Q3 2023	Q3 2022	Delta	
Shipments (Tto)	1,191	1,148	+3.7%	Slightly above prior year quarter supported by NMM acquisition and despite challenging market environment, especially in Europe
Sales (€m)	1,929	2,367	-18.5%	Decrease due to considerably lower average price level yoy
Gross profit (€m)	314	305	+2.9%	Increase yoy due to consistent NWC management
EBITDA ^{*)} (€m)	41	16	+25	Achieved solid EBITDA above prior year level despite challenging macro environment in Europe and steel price correction
Oper. CF (€m)	36	163	-127	Again, positive OCF generation due to proactive NWC management
Net financial debt (€m)	923	806	+117	Increase yoy as a result of NMM acquisition; fully repaid convertible bond in September as scheduled

^{*)} Before material special effects.

STRATEGY PROGRESS IN A DEMANDING MARKET ENVIRONMENT



Successful transactions to increase HVAB exposure

- **Integration of HVAB pure play NMM into KMM**; strongly leveraging combined competitive advantage, with additional 70,000 tons requested since closing
- **Sol Components acquisition** strengthens HVAB portfolio and expands sustainable supply chain solutions



Executing European Efficiency Program

- Reducing number of FTEs of European distribution business by around 10%; vast majority already in Q4 2023
- **Improving EBITDA** by around €25m annually from 2024 onwards
- Negative material special effects will largely be offset by program related asset disposals



Investment dedicated to HVAB in Switzerland

- **Invested in state-of-the-art aluminum slitting line**
- Significantly increasing processing capacity while establishing a leading Service Center in Switzerland

Swiss Rebar order intake at record level in Q3 2023

Further improving our underlying profitability base

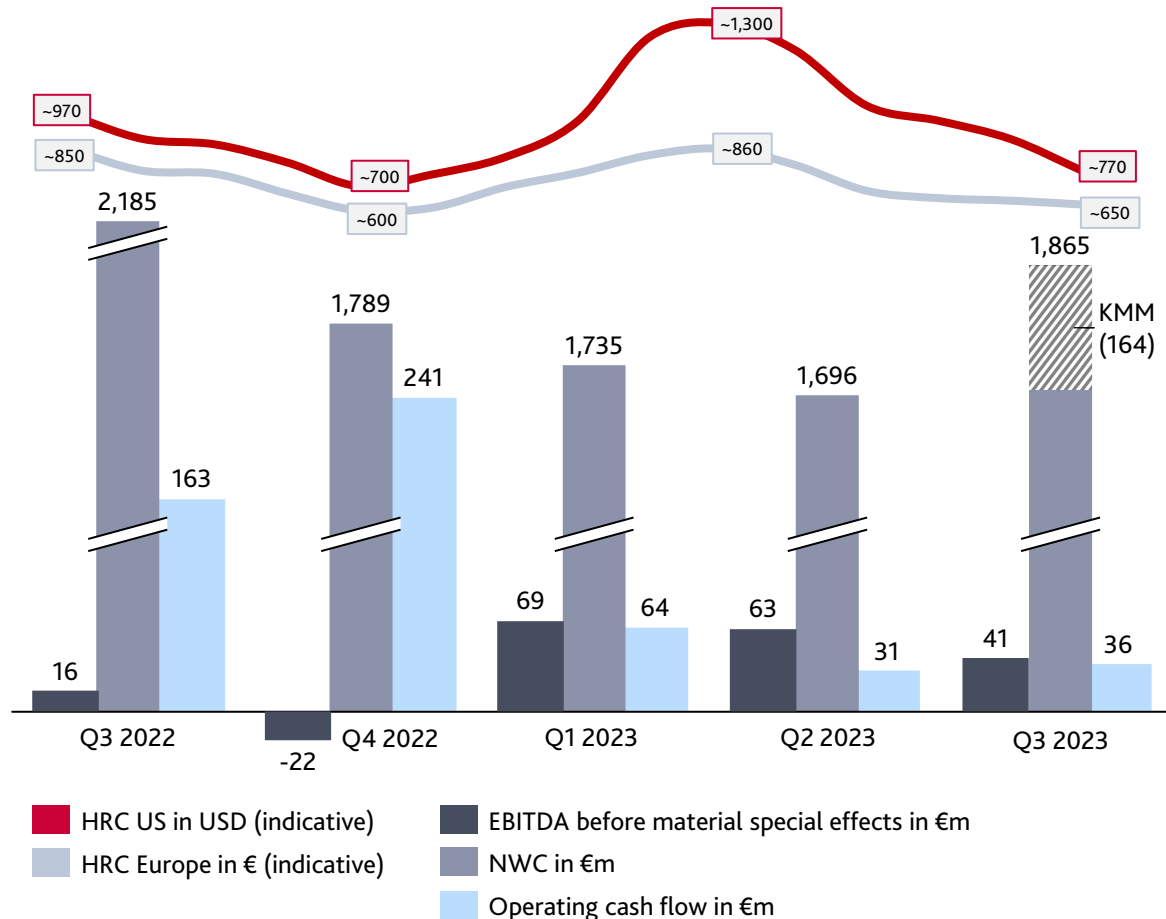
AGENDA

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SOLID OPERATING PERFORMANCE AND POSITIVE CASH GENERATION

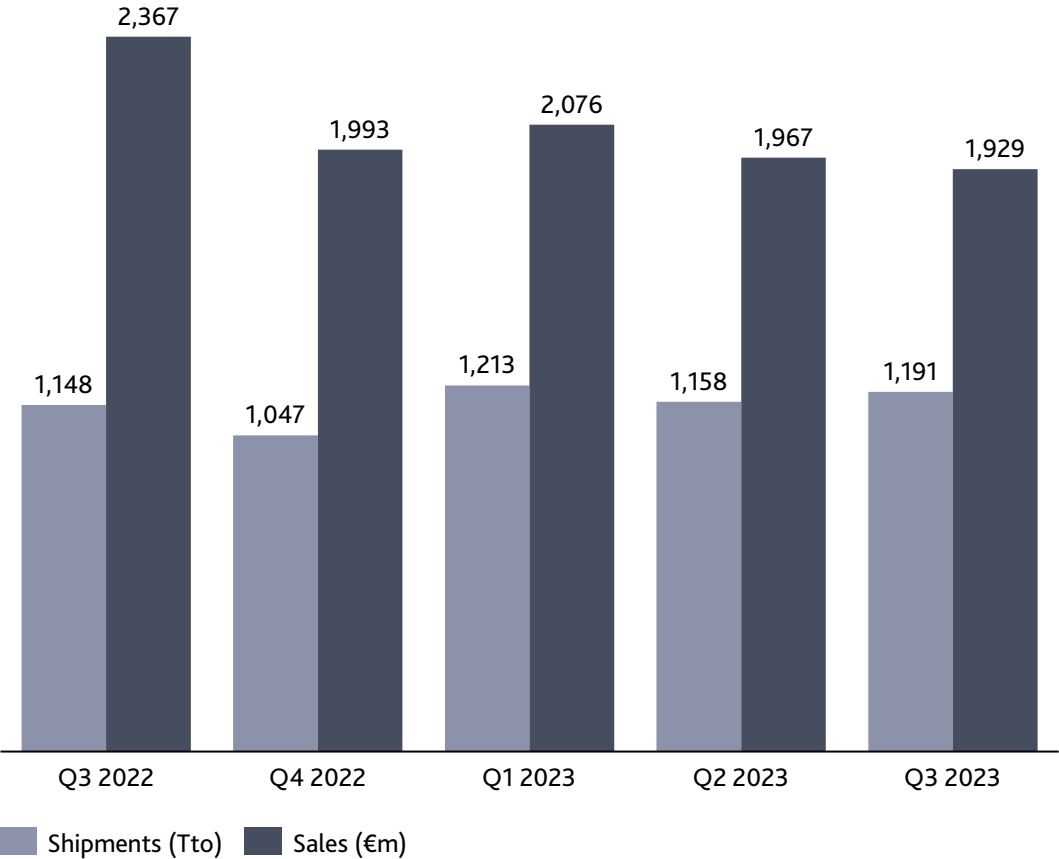
Our net working capital management



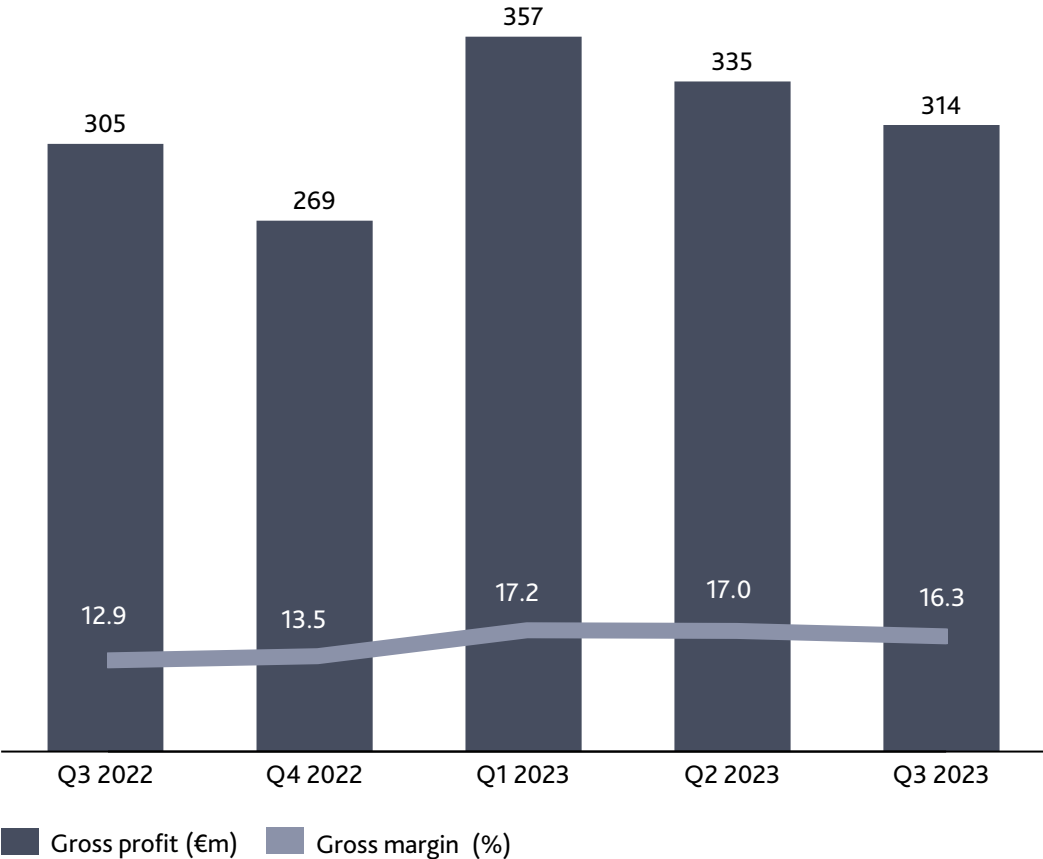
- **Achieved solid operating result** in Q3 2023 and once again, a **positive operating cash flow** despite an ongoing challenging market environment
- **Mitigated large parts of negative price risks** during steel price correction
 - Promising signs of sustained stabilization at end of Q3 2023
 - Continuing to manage our inventories lean and disciplined
- **Executing European efficiency program** to strengthen resilience of business
- Digitalization and automation initiatives continue to complement efficiency measures
 - Digital quotes more than doubled yoy in 9M 2023
 - Average number of manual changes per digital order further decreased by 14% in 9M 2023

SHIPMENTS, SALES AND GROSS PROFIT

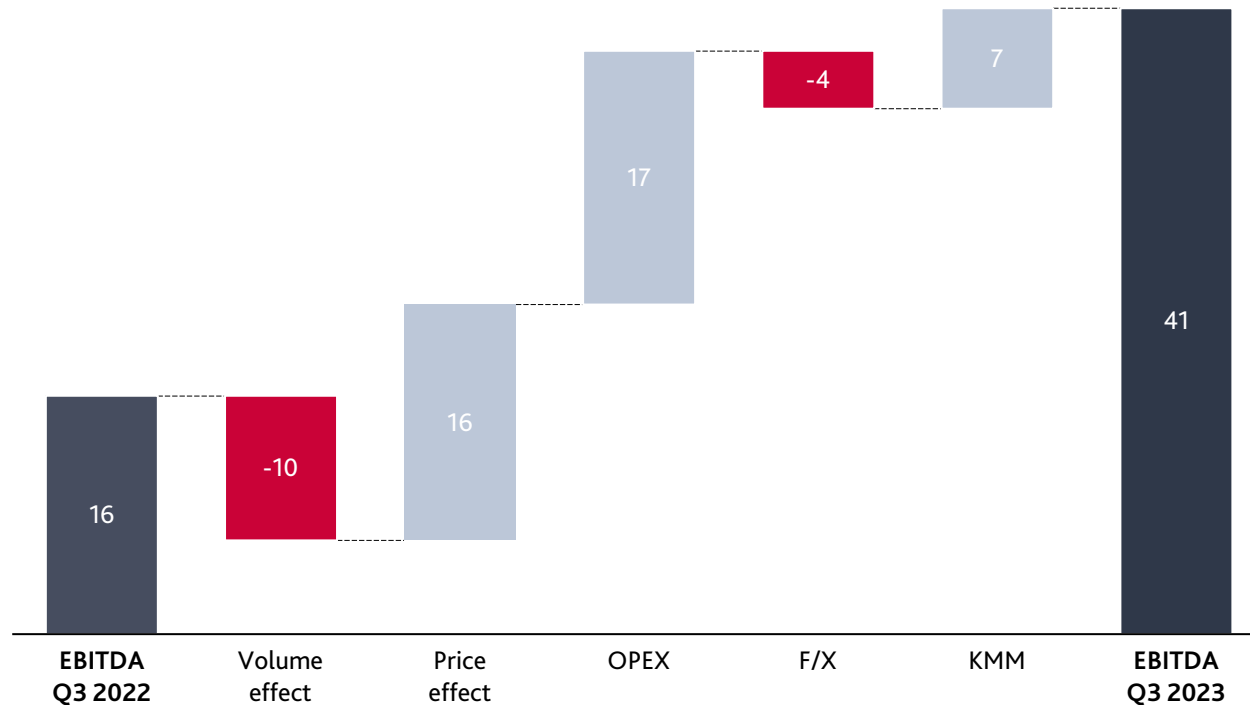
Shipments & Sales



Gross profit & Gross margin



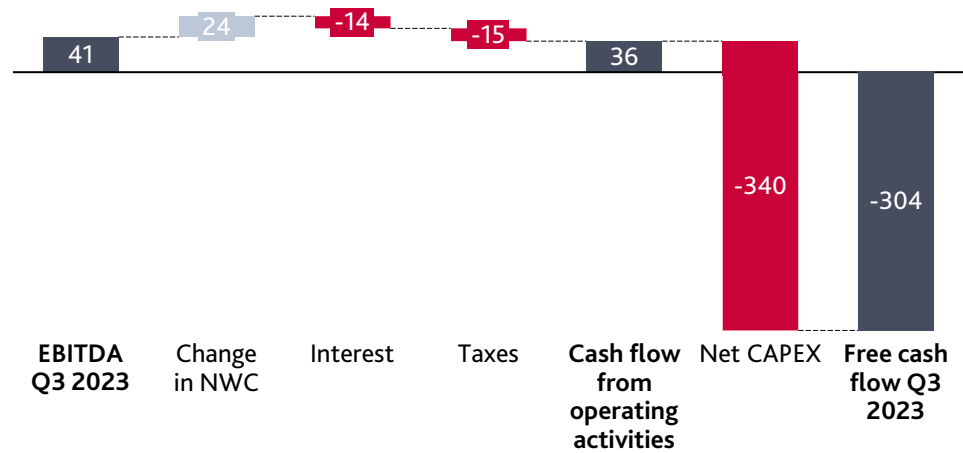
EBITDA (€M) IN Q3 2023



- Solid EBITDA-performance despite challenging market environment
- Negative volume effect of €-10m (excl. KMM) largely EU-Europe
- Positive price effects of €16m
- OPEX down, mainly driven by lower personal expenses & shipping costs and lower consulting expenses
- Negative F/X effects of €4m
- KMM contributed €7m to Group EBITDA

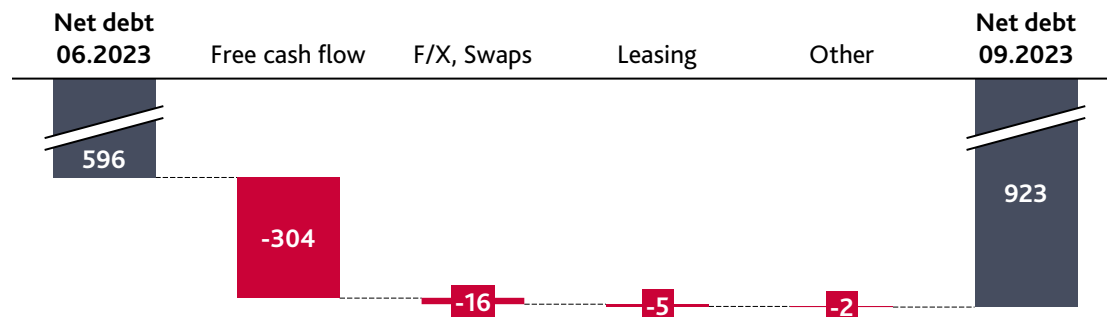
CASH FLOW AND NET DEBT DEVELOPMENT

Cash flow Q3 2023 (€m)



- EBITDA reported of €41m
- NWC decrease of €24m
- Strong cash flow from operating activities of €36m
- Net CAPEX €340m (thereof NMM €310m net)
- Free cash flow accordingly of €-304m

Net financial debt 06.2023 vs 09.2023 (€m)



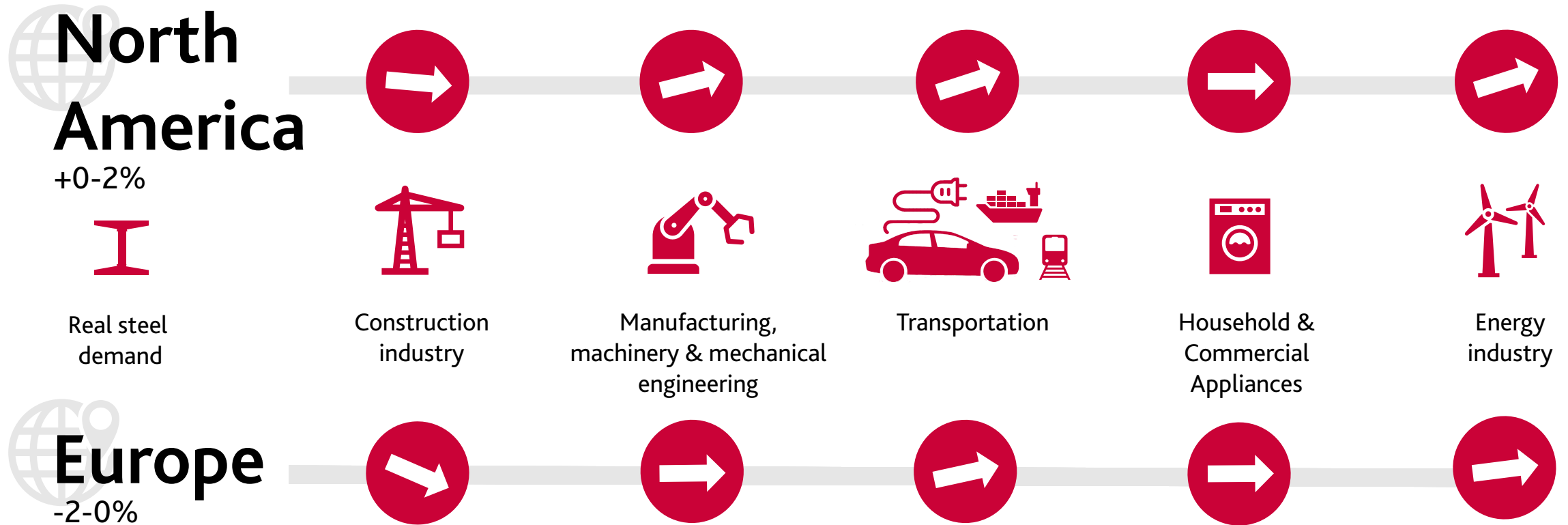
- Net financial debt increased from €596m to €923m mainly driven by NMM acquisition
- Negative F/X effects of €16m

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REGION SPECIFIC BUSINESS OUTLOOK 2023



OUTLOOK

FY
2023

- Shipments expected to increase slightly yoy; sales expected to be below prior-year due to lower overall price level
- EBITDA expectation of €170-200m before material special effects
- Strong and significantly positive operating cash flow expected

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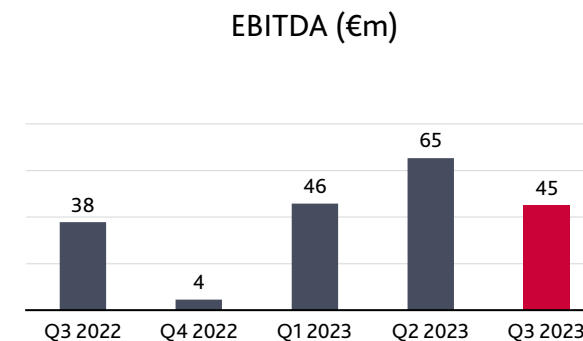
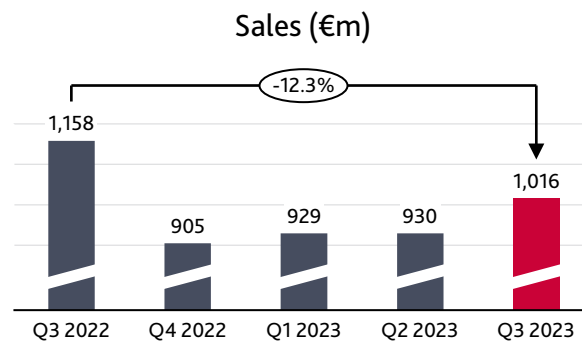
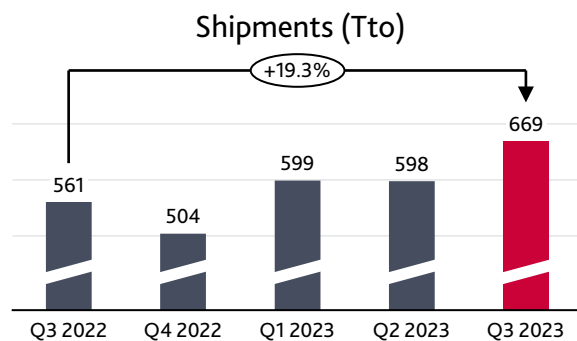


QUARTERLY AND FY RESULTS

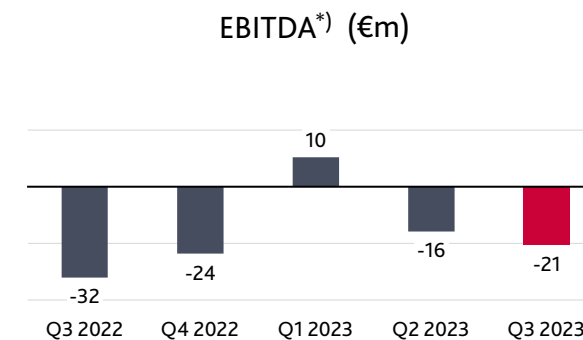
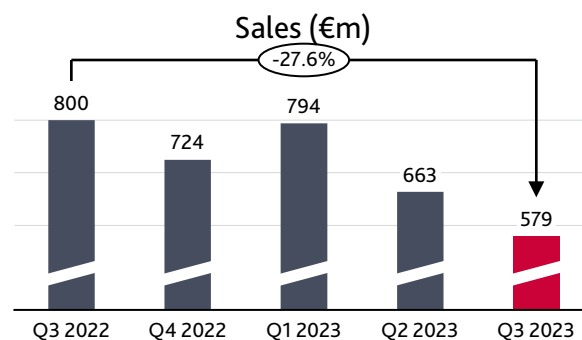
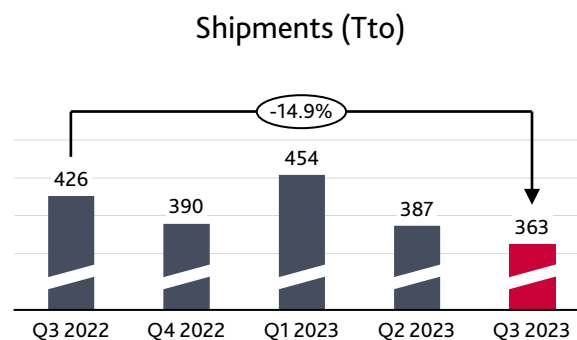
(€m)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Shipments (Tto)	1,191	1,158	1,213	1,047	1,148	1,226	1,257	1,108	1,190	1,295	1,287	4,679	4,881	4,873	5,648	6,107
Sales	1,929	1,967	2,076	1,993	2,367	2,580	2,438	2,030	2,038	1,847	1,525	9,379	7,441	5,130	6,315	6,790
Gross profit	314	335	357	269	305	508	482	440	540	525	388	1,563	1,893	1,047	1,158	1,328
% margin	16.3	17.0	17.2	13.5	12.9	19.7	19.8	21.7	26.5	28.4	25.4	16.7	25.4	20.4	18.3	19.6
EBITDA bef. material special effects	41	63	69	-22	16	222	201	171	277	271	130	417	848	111	124	229
Material special effects	0	-1	-21	11	0	1	53	17	4	-1	11	64	-30	-59	15	-2
EBITDA rep.	41	62	48	-12	16	223	254	188	280	270	141	481	879	52	139	227
% margin	2.1	3.2	2.3	-0.6	0.7	8.6	10.4	9.3	13.7	14.6	9.2	5.1	11.8	1.0	2.2	3.3
EBITDA rep. (curr. eff.)	-4	0	4	0	9	12	9	7	-2	-14	-8	31	-16	1	5	-9
EBIT	5	32	13	-49	-18	191	223	154	249	240	111	348	754	-93	2	141
Income from Investments	-1	0	-2	0	1	4	0	5	1	4	0	6	11	0	0	0
Financial result	-13	-8	-8	-11	-8	-8	-7	-6	-6	2	-6	-34	-17	-30	-41	-34
EBT	-9	24	3	-60	-25	188	216	153	244	246	105	319	748	-124	-39	107
Income taxes	-3	-12	-11	18	3	-37	-44	-14	-55	-31	-19	-60	-119	9	-16	-38
Net income	-12	12	-8	-42	-22	151	172	139	189	215	86	259	629	-114	-55	69
Minority interests	0	0	0	0	0	2	4	3	3	3	1	6	10	2	1	0
Net income KCO	-12	12	-8	-42	-22	149	168	136	185	212	85	253	619	-116	-56	69
EPS basic (€)	-0.12	0.12	-0.08	-0.42	-0.22	1.50	1.68	1.37	1.86	2.13	0.85	2.54	6.21	-1.16	-0.56	0.68
EPS diluted (€)	-0.12	0.12	-0.08	-0.39	-0.18	1.36	1.53	1.24	1.68	1.88	0.78	2.32	5.58	-1.16	-0.56	0.66
NWC	1,865	1,696	1,735	1,789	2,185	2,239	2,258	1,813	1,559	1,282	1,107	1,789	1,813	967	1,119	1,277
Net debt	923	596	539	584	806	903	999	762	348	303	363	584	762	351	445	383

SEGMENT PERFORMANCE

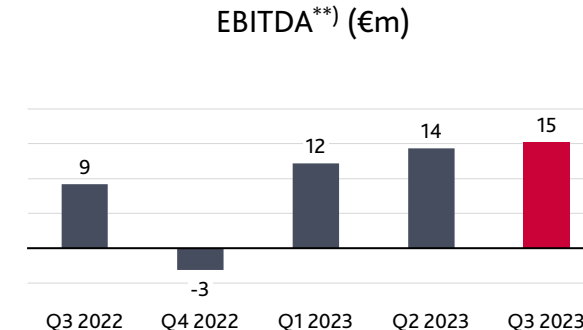
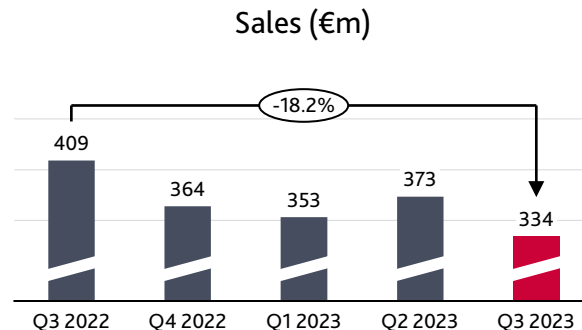
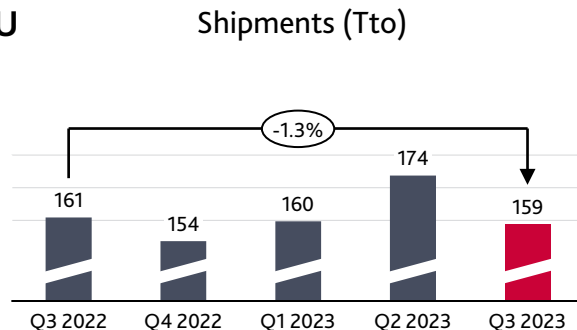
KM US



KM EU



KM Non-EU

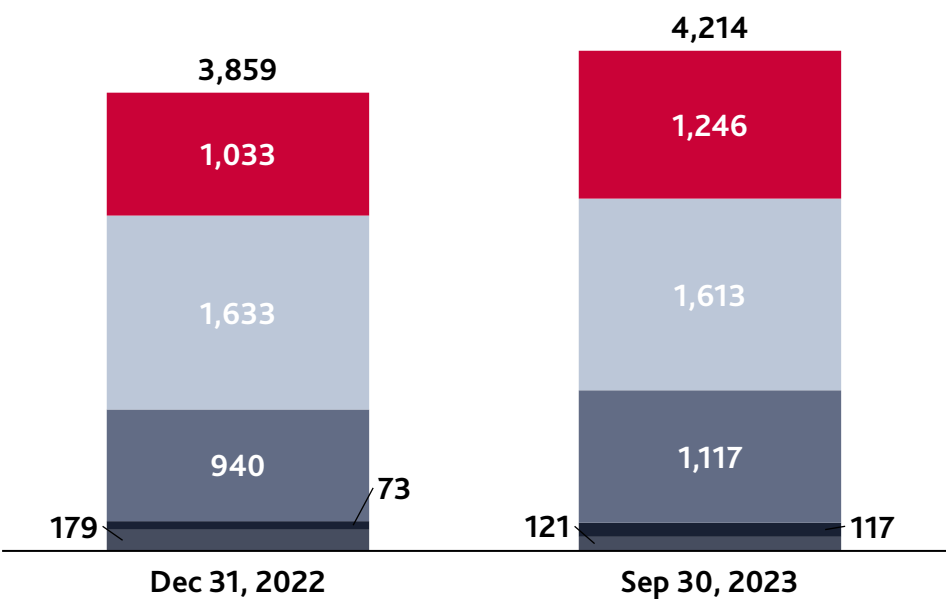


*) Adjusted for material special effects in Q4 2022, Q1 2023, Q2 2023 and Q3 2023 **) Adjusted for material special effects in Q4 2022.

STRONG AND SOLID BALANCE SHEET

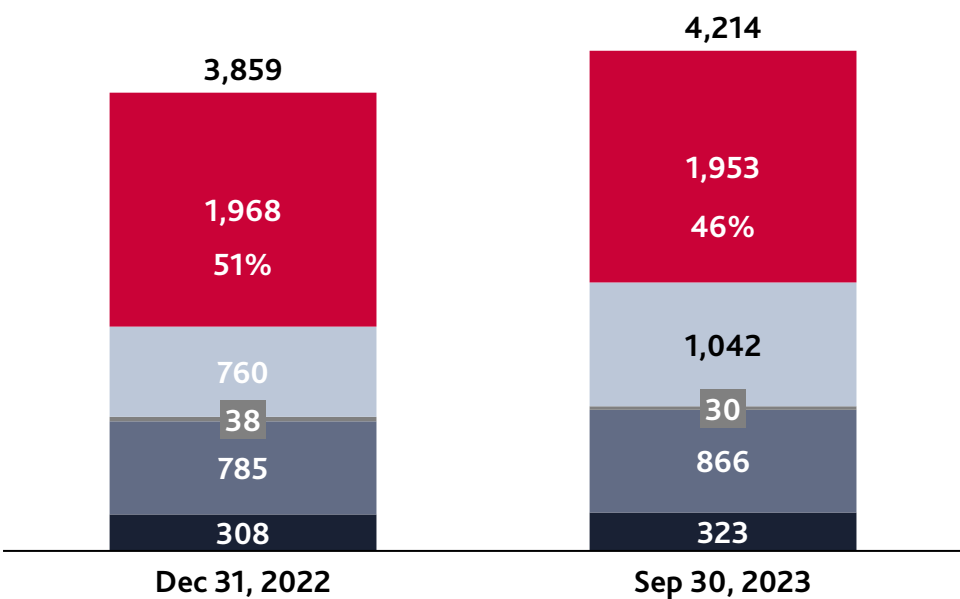
Solid equity ratio of 46%, gearing^{*)} of 49% and leverage of 6.1x

Assets



■ Non-current assets ■ Trade receivables** ■ Liquidity
■ Inventories ■ Other current assets

Equity & Liabilities



■ Equity ■ Financial liabilities ■ Pensions ■ Trade payables*** ■ Other liabilities

^{*)} Gearing = Net financial debt / (Consolidated equity ./. non-controlling interests ./. goodwill resulting from acquisitions subsequent to May 23, 2019).
^{**)} Incl. contract assets and supplier bonuses.
^{***)} Incl. contract liabilities and advance payments received.

MATURITY PROFILE

Facility (€m)	Committed Sep 30, 2023	Drawn amount	
		Sep 30, 2023	Dec 31, 2022
Syndicated Loan	250	169	25
ABS Europe	300	154	159
ABL USA	614	387	155
Convertible 2016	-	-	139
Bilateral Facilities ¹⁾	233	160	120
Leases	173	173	165
Total Debt	1,570	1,043	763
Cash		121	179
Net Debt		923	584

1) Mainly Switzerland.

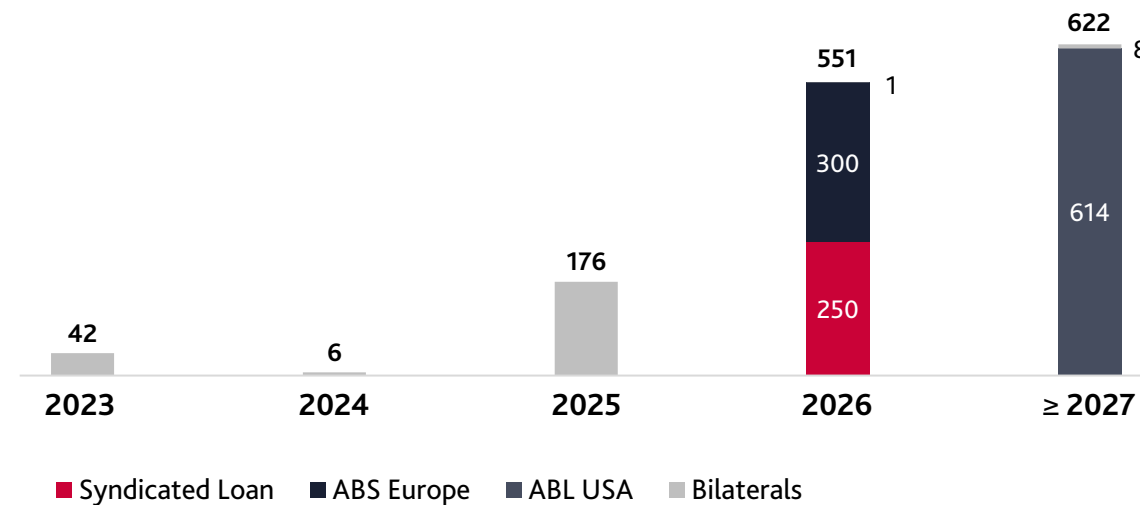
2) Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

3) Net debt as reported/Adjusted equity.

4) Net debt as reported/LTM EBITDA before material special effects including EBITDA contribution of NMM since August 1, 2023.

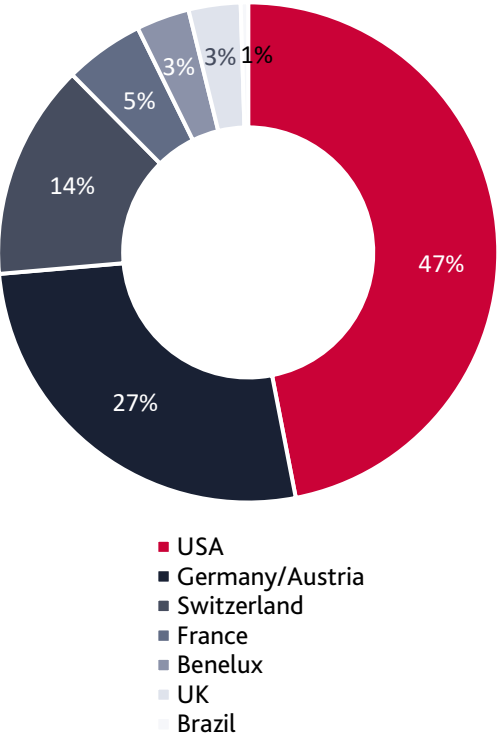
€m	Sep 30, 2023
Adjusted equity ²⁾	1,890
Net Debt	923
Gearing ³⁾	49%
Leverage ⁴⁾	6.1x

Maturity profile (excl. leasing) in €m, Sep 30, 2023

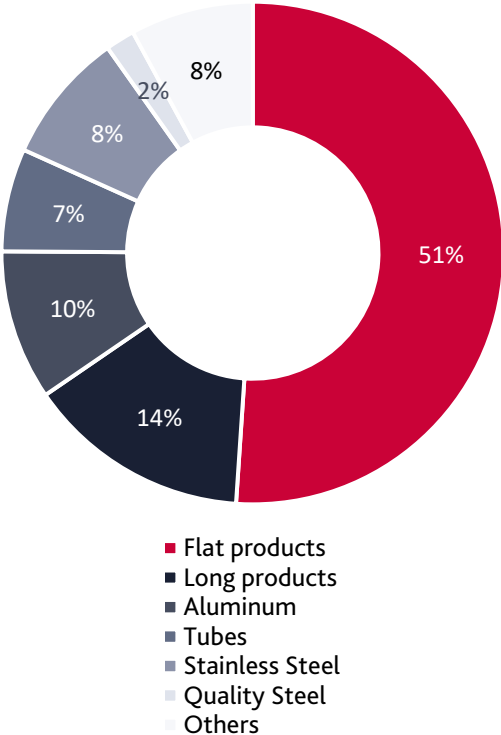


SALES BY MARKETS, PRODUCTS AND INDUSTRIES

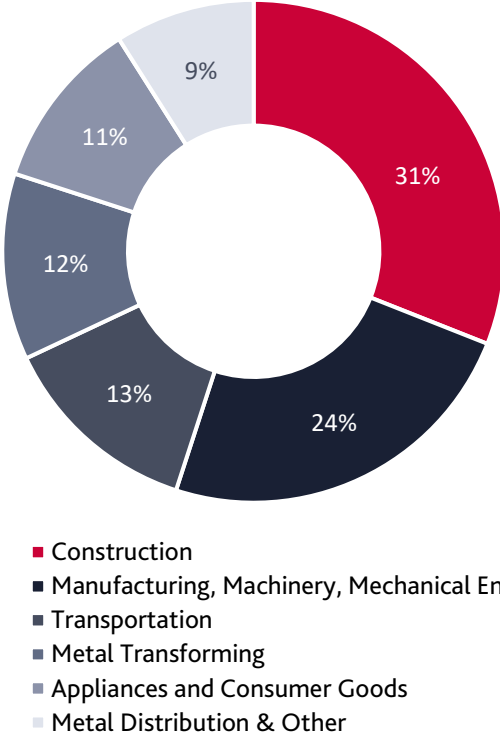
Sales by markets



Sales by products

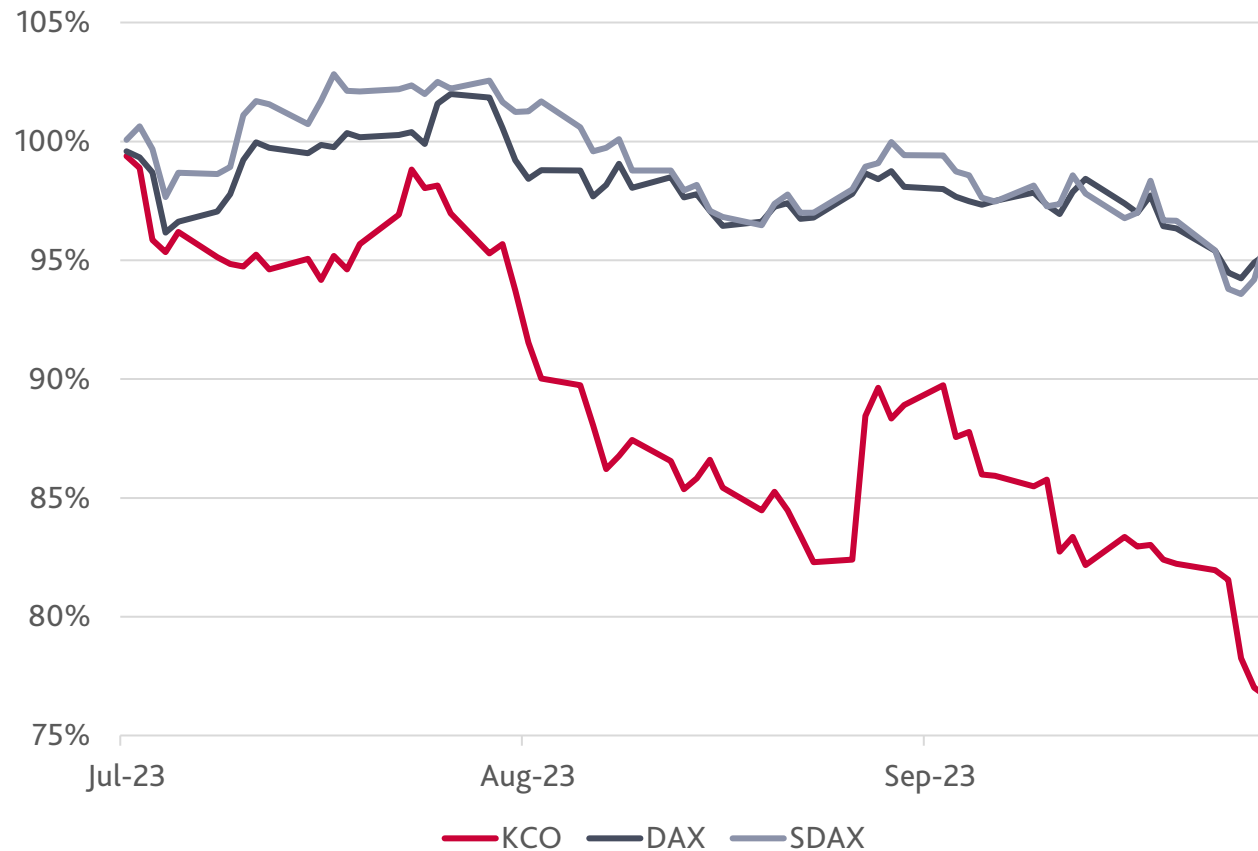


Sales by industries



As of December 31, 2022.

SHARE PRICE PERFORMANCE IN Q3 2023



- The share price of Klöckner & Co reached its highest level of €8.87 on July 3. Afterwards the share price decreased before rising again towards the end of July
- In the beginning of August, the share price decreased sharply and increased again towards the beginning of September
- Afterwards the share price decreased again, reaching its lowest level of €6.84 on the last trading day of Q3

DIVIDEND POLICY

In general, Klöckner & Co SE follows a dividend policy of distributing 30% of net income before special items.

Given the volatility of our business model, a sustainable dividend payment cannot be guaranteed. If there is a possibility of dividend distribution, we will pay it for the benefit of our investors.

- Compliance with the dividend policy of €0.80 per share for the years 2006 and 2007
- Suspension of the dividend policy for the financial year 2008 in view of the beginning of the Euro crisis and no dividend payment
- Due to earnings no dividend payment in 2009

- Inclusion of our general dividend policy in financial year 2010 with a dividend of €0.30 per share
- Due to earnings no dividend payment neither in 2011, 2012 and 2013 nor in 2015
- Full distribution of net profit for the financial year 2014
- Dividend payment of €0.20 per share in 2016 and €0.30 per share for the 2017 and 2018 fiscal year
- No dividend payment due to losses in 2019 and 2020
- Record dividend of €1.00 for the financial year 2021
- Dividend payment of €0.40 per share for the financial year 2022

Dividend payment per share

2006	2007	2008 2009	2010	2011 2013	2014	2015	2016	2017	2018	2019 2020	2021	2022
€0.80	€0.80	-	€0.30	-	€0.20	-	€0.20	€0.30	€0.30	-	€1.00	€0.40

OUR AMBITIOUS CLIMATE TARGETS



SCOPE 1 & 2: OWN DIRECT AND INDIRECT EMISSIONS

Reduction of **50%**
by 2030

Net zero by 2040

SCOPE 3 UNDER DIRECT INFLUENCE

Reduction of **50%**
by 2030

Net zero by 2040

SCOPE 3 NOT UNDER DIRECT INFLUENCE

Reduction of **30%**
by 2030

Net zero by 2050





BALANCED

START

STEP

PLUS

PRO

PRIME

1750

1400

1000

700

400

0

Emission in kg CO₂ / t steel

LEADING THE SUSTAINABILITY TRANSFORMATION

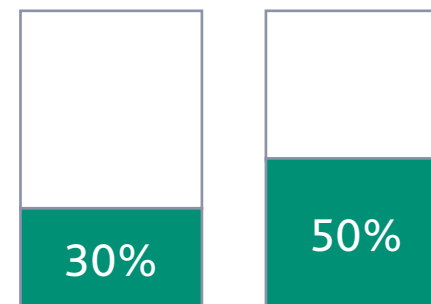
- ✓ Methodology along international standards
- ✓ No offsetting included in CO₂ load categorization (compensation data as add-on)
- ✓ Emissions from raw material to production
- ✓ Separate category for "balanced" green steel

NEXIGEN® STEEL CATEGORIZATION

Six categorizations for transparent carbon emissions

We have developed a categorization for CO₂-reduced steel so that customers can directly see the carbon footprint of their purchased product.

Our ambition **2025-2030**



>30% and >50% of volume in the most sustainable "Prime & Pro" categories by 2025 and 2030, respectively

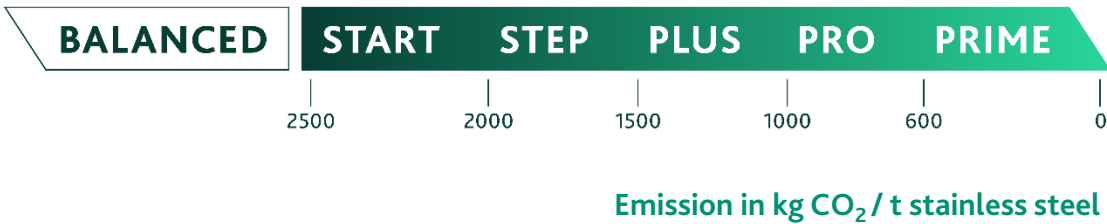
We aim at reaching savings of more than **4 million tons of CO₂** annually



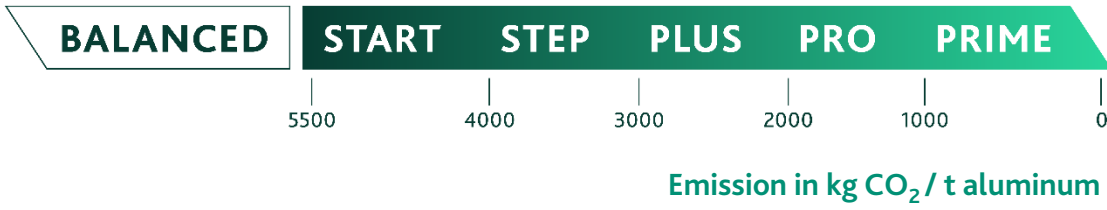
A COMPREHENSIVE APPROACH

Nexigen® categorizations for stainless steel & aluminum

Stainless Steel



Aluminum






Your partner for a
sustainable tomorrow

Fabian Joseph

Head of Investor Relations

 +49 203 307-2291

 fabian.joseph@kloeckner.com

 www.kloeckner.com



FINANCIAL CALENDAR

- March 13, 2024
Annual Financial Statement 2023
- May 7, 2024
Q1 quarterly statement 2024
- May 23, 2024
Annual General Meeting 2024
- August 1, 2024
Half-yearly financial report 2024